

48. COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (FAULT BLOCK V, RANGER ZONE UNIT - CONTINENTAL PRODUCTION COMPANY), WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,191.

After consideration of Calendar Item 45 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. FINDS THAT THE ENTERING INTO AND THE PERFORMANCE OF THE "COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (FAULT BLOCK V, RANGER ZONE UNIT-CONTINENTAL PRODUCTION COMPANY)" BETWEEN SOCONY MOBIL OIL COMPANY INC., AND CONTINENTAL PRODUCTION COMPANY IS IN THE PUBLIC INTEREST.
2. APPROVES THE AFORESAID COOPERATIVE AGREEMENT ON BEHALF OF THE STATE PURSUANT TO APPLICABLE LAW.

Attachment

Calendar Item 45 (2 pages)

45.

COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (FAULT BLOCK V, RANGER ZONE UNIT - CONTINENTAL PRODUCTION COMPANY), WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,191.

The City of Long Beach has submitted to the State Lands Commission for approval a "Cooperative Agreement for Water Injection Operations (Fault Block V, Ranger Zone Unit - Continental Production Company)" between the Socony Mobil Oil Company, Inc., acting in its capacity as Unit Operator for Unit Segment II and in its capacity as Unit Coordinator of the Fault Block V, Ranger Zone Unit, and the Continental Production Company. This agreement will permit the parties to conduct water injection operations on a cooperative basis in the Ranger Zone along the common boundary between the Fault Block V Unit and Continental Production Company properties in order to balance reservoir pressures and prevent the migration of oil, gas, water, or other fluids.

Under the terms of the proposed agreement a restricted area will be established extending 400 feet on either side of the common boundary. Continental will drill one injection well and one production well and the Unit Operator will drill two injection wells within the restricted area. Presently, Continental has one injection well and two producing wells and the Unit has four producing wells operating in this restricted section. Unless otherwise specifically agreed, no other wells, either production or injection, shall be opened for production or for water injection within the restricted area.

Each of the parties agrees to inject water into each water-injection well now existing or hereafter completed within its area of operation at rate of approximately 1,200 barrels per day in order to balance reservoir pressures in the Ranger Zone on the two sides of the common boundary. No major permanent change in the water-injection rate in any injection well shall be made without the written agreement of the parties.

The cost of all wells drilled and all water injected therein shall be borne by such party, and each party shall be responsible for the operation on its own property.

The Unit Operator, acting on behalf of the Working Interest Owners, and Continental, as to land owners or royalty owners whose lands are covered by leases held by Continental, will release each other from damages and claims resulting from water injection and each will indemnify and hold harmless the other against the claims of such land owners or royalty owners resulting from water injection into lands covered by the agreement. No party to the agreement assumes any responsibility for damages to any third party resulting from the operations of any other party.

The proposed agreement shall become effective as of the date of execution by the last signatory party, and shall continue in force for so long thereafter as both said Unit Agreements and Continental's right to operate its properties continues in effect.

SUPPLEMENTAL CALENDAR ITEM 45. (CONTD.)

The Working Interest Owner Representatives of the Fault Block V, Ranger Zone Unit approved this proposed agreement on April 20, 1966.

The City Council of the City of Long Beach, by resolution adopted May 17, 1966, approved the subject agreement and determined that it is in the interest of increasing the ultimate recovery of oil and gas, and of protecting the oil and gas in the subject lands from unreasonable waste, or that subsidence or sinking of such lands and abutting lands possibly may be arrested or ameliorated thereby. Additionally, the resolution found that all operations to be conducted pursuant to the agreement will be performed on the upland area of Fault Block V and thus there will be no impairment of the public trust for commerce, navigation, or fisheries to which the City's granted lands are subject.

The Office of the Attorney General has reviewed the proposed agreement, with the conclusion that it may be approved by the State Lands Commission if it finds that the agreement is in the public interest.

The staff has reviewed the agreement and has found that implementation of the provisions of the agreement will substantially increase the ultimate amount of oil economically recoverable from the Ranger Zone.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ENTERING INTO AND THE PERFORMANCE OF THE "COOPERATIVE AGREEMENT FOR WATER INJECTION OPERATIONS (FAULT BLOCK V, RANGER ZONE UNIT-CONTINENTAL PRODUCTION COMPANY)" BETWEEN SOCONY MOBIL OIL COMPANY, INC., AND CONTINENTAL PRODUCTION COMPANY IS IN THE PUBLIC INTEREST.
2. APPROVE THE AFORESAID COOPERATIVE AGREEMENT ON BEHALF OF THE STATE PURSUANT TO APPLICABLE LAW.